

Honolulu, Hawaii

FEB 18 2022RE: S.B. No. 3229
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Energy, Economic Development, and Tourism and Government Operations, to which was referred S.B. No. 3229 entitled:

"A BILL FOR AN ACT RELATING TO GEOTHERMAL ROYALTIES,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase the percentage of royalties received by the State from geothermal resources that are to be paid to the county in which the geothermal resources are located;
- (2) Require the royalties paid to a county to be used for further geothermal resources discovery and development; and
- (3) Require the county to submit an annual report to the Legislature on how the royalties distributed to them were used.

Your Committees received testimony in support of this measure from three individuals. Your Committees received testimony in opposition to this measure from the Department of Land and Natural Resources. Your Committees received comments on this measure from the Hawaii State Energy Office.



Your Committees find that geothermal energy is a firm source of cost-effective, renewable energy in Hawaii that will reduce the State's reliance on fossil fuels, contribute to Hawaii's energy diversification, and help the State reach its renewable energy standard goals. According to testimony received by your Committees, none of the geothermal royalties distributed have been used for assessing and exploring geothermal resources in the State.

Your Committees recognize that geothermal royalties help support the annual operating budget of Department of Land and Natural Resources' Mineral Resources Program, which regulates well drilling operations and manages the mining and leasing of geothermal resources in the State. According to testimony from the Department, geothermal royalties also support the annual operating budget of their Land Division, Office of Conservation and Coastal Lands, and Dam Safety Program.

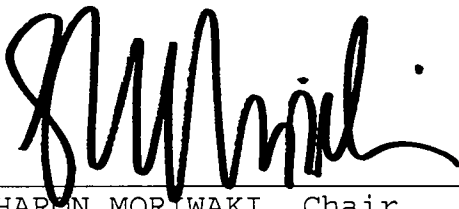
Accordingly, your Committees have amended this measure by:

- (1) Reverting the percentage of royalties from geothermal resources that are paid to a county to thirty percent and capping the amount at \$600,000;
- (2) Establishing the University of Hawaii Geothermal Exploration Special Fund for the Hawaii Groundwater and Geothermal Resources Center at the university to further the discovery and development of geothermal resources;
- (3) Requiring the Department of Land and Natural Resources and the University of Hawaii to submit annual reports to the Legislature on how they utilized the royalties distributed to them;
- (4) Establishing a cap of \$1,000,000 on the amount of royalties distributed by the Board of Land and Natural Resources to the State; and
- (5) Inserting an effective date of July 1, 2050, to encourage further discussion.

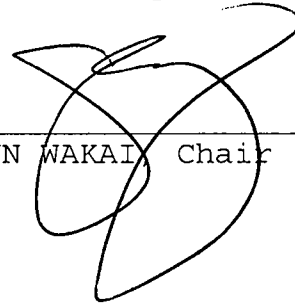


As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3229, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3229, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Energy, Economic Development, and Tourism and Government Operations,



SHARON MORIWAKI, Chair



GLENN WAKAI, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:* <i>SB 3259</i>	Committee Referral: <i>EET/GVO, WAM</i>	Date: <i>2/14/22</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris				✓
RIVIERE, Gil	✓			
FEVELLA, Kurt		✓		
TOTAL	3	1	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Bennette E. Misalucha</i></div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB 3229	Committee Referral: EET/GVO, WAM	Date: 02/14/22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MORIWAKI, Sharon Y. (C)	X			
DELA CRUZ, Donovan M. (VC)	X			
CHANG, Stanley				X
GABBARD, Mike				X
FEVELLA, Kurt		X		
TOTAL	2	1		2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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